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July 28, 1995

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

BY HAND DELIVERY

William F. Caton  
Acting Secretary  
Federal Communications Commission  
Room 222  
1919 M Street, NW  
Washington, DC 20554

Re: Written Ex Parte Presentation - PP Docket No. 93-253

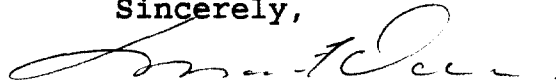
Dear Mr. Caton:

Cook Inlet Region, Inc. ("CIRI") hereby gives notice of a written ex parte presentation in the above-referenced proceeding. The presentation was made in the form of the attached letter.

CIRI delivered the attached letter to Chairman Hundt and to Commissioners Quello, Barrett, Chong, and Ness. CIRI also delivered the letter to individuals in the Office of the General Counsel, the Office of Plans and Policy, the Wireless Telecommunications Bureau, and the Auction Division.

Two copies of the letter are submitted herewith pursuant to Section 1.1206(a)(1) of the Commission's Rules, 47 C.F.R. § 1.1206(a)(1) (1994).

Sincerely,



Mark F. Dever

Enclosures

cc: The Honorable Reed E. Hundt  
The Honorable James H. Quello  
The Honorable Andrew C. Barrett  
The Honorable Rachelle B. Chong  
The Honorable Susan Ness

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DRINKER BIDDLE & REATH

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

COOK INLET CORPORATION

July 28, 1995

BY HAND DELIVERY

The Honorable Reed E. Hundt  
Chairman  
Federal Communications Commission  
1919 M Street, NW  
Room 814  
Washington, DC 20554

Re: Broadband PCS C Block Applicants

Dear Chairman Hundt:

As the Commission considers various options concerning the PCS C block auction in the wake of the stay ordered by the United States Court of Appeals, Cook Inlet Region, Inc. ("CIRI") respectfully submits the following points in support of retaining the Commission's "49.9 percent Equity Rule":

First and foremost, the 49.9 percent Equity Rule is sound from a business and public policy perspective. It is the model which provides for the largest small business equity slice. The "1/4 Rule" contemplates as little as 15% small business equity. This is far less significant than the sheer presence and clear control afforded by the small business having a 50-plus percent interest. The rule is also an important mechanism for attracting capital to small and disadvantaged businesses. Investors, particularly those with expertise in the telecommunications industry, typically demand a 49.9 percent equity interest. Discarding the rule will severely impair the efforts of small and disadvantaged businesses to attract (and retain) equity capital.

Second, altering the 49.9 percent Equity Rule will require a formal notice and comment process. This will result not only in further delay, but also in a new avenue for further appeals.

Third, numerous applicants adversely affected by a change will be motivated to pursue all available administrative, judicial and legislative remedies, causing further auction delays and possibly clouding the FCC auction process and authority.

Fourth, eliminating the rule will force prospective applicants to renegotiate existing deals and simultaneously negotiate with multiple investors, thereby increasing the time and complexities involved in developing successful bidding partnerships.

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Fifth, material changes at this stage will inject even higher measures of uncertainty into an already-plagued auction process, creating a perception of endless rounds of delay and increased risk for equity investors. The universe of investors has already come to view this auction process as highly unstable and unpredictable, and some significant investors have simply pulled out.

Sixth, we want to clarify that while CIRI has a small 25% partnership (which in fairness to the Court of Appeals we noted in opposing Omnipoint's stay motion), CIRI's primary commitment by far and significant opportunity to participate in PCS is with a different investor under the 49.9 percent Equity Rule. That relationship will not, in our judgment, survive a change of the rules.

Seventh, extinguishing the 49.9 percent Equity Rule will result in the termination of existing deals, thereby reducing competition in the auction and reducing the amount received by the FCC as the auctioneer of this public resource.

Eighth, altering or eliminating the rule is simply not fair. CIRI, for one, has supported the PCS action process for three years and worked diligently to create a fair opportunity for a new category of players to enter the industry. We counselled against the use of race and gender distinctions (and advocated a "disadvantaged" standard) because of possible litigation. We followed the rules as they were written. An eleventh hour change which causes the dissolution of existing relationships at this stage is uniquely prejudicial to those businesses that have relied on the rules. CIRI believes that many small businesses are relying on this rule in their deal structures.

Ninth, as the commission knows CIRI has consistently argued against "fronts" and "shams". This issue is best addressed by strict enforcement of the Commission's existing rules rather than further alteration of the rules regarding equity structure.

Finally, the major surgery of changing the equity rules is simply not required to resolve the issues raised by the stay order. We believe pursuit of settlement with the plaintiff is the first order of business. The FCC should set a new application filing date as of October 1 to enable the potential C block applicants to better utilize the 49.9 percent equity model. This will resolve the core timing issue raised by Omnipoint in the appeal which probably motivated the court's stay. With the timing issue settled, the court is not apt to be troubled by the Commission's exercise of its discretion in utilizing the 49.9 percent Equity Rule.

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This summary does not and cannot substitute for the full comment process for any proposed rule change. I would be pleased to speak with you further about the important role of the 49.9 percent Equity Rule in the upcoming C block auction.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steve C. Hillard". The signature is fluid and cursive, with a large, stylized "H" at the end.

Steve C. Hillard  
Vice President